

MEDICAL SELF-INSURANCE FUND

BUDGET OVERVIEW

(\$ In Millions)	2005-2006	2005-2006	Over/	2007-2008	Budget to	2-yr %	1-yr %
	Budget	Exp. Est.	Under	Budget	Difference	change	change
Total Budget	\$15.5	\$12.0	(\$3.5)	\$17.4	\$1.9	12.24%	6.12%
Total FTEs	0.00	0.00	0.00	0.00	0.00	0.00%	0.00%

COST DRIVERS

- Red-Med and Group Health medical claim costs, which represent the majority of fund expenditures are up \$1.6 million, reflecting 13% increases in medical costs as estimated by City's actuary.
- Excess liability insurance and the incurred but not reported reserve (IBNR), which is based on 15% of Red-Med claims, have also been increased to reflect higher claims.

NEW PROGRAMS

No new programs.

MEDICAL SELF INSURANCE FUND

WHAT DO WE DO?	WHY DO WE DO IT?	HOW MUCH DOES IT COST?		IS IT LEGALLY MANDATED, CORE, OR VALUE ADDED SERVICE?
		2005-2006	2007-2008	
MEDICAL SELF INSURANCE		\$15,529,182	\$17,376,203	
Maintain adequate reserves.	Fund balance and Incurred But Not Reported (IBNR) reserves to ensure short-term continuity of program in the event of default.	\$2,371,625	\$2,480,837	Core service
Maintain reserve for LEOFF 1 medical claim costs in the Operating Reserves Fund.	The City has a state mandated obligation to pay medical costs for LEOFF 1 employees until death. The City has 25 retirees and 7 active LEOFF 1 employees. The reserves for this group is estimated to increase to \$581,000 in 2007-08.	\$140,000	\$140,000	Core service
Medical claim payments	Payment of medical claim costs for dental, vision, prescription medicine and physician services under the RedMed and Group Health benefit programs.	\$12,027,183	13,644,964	Core service
Excess Insurance	Insurance to cover large claim costs that exceed annual limit of \$120,000.	\$458,719	\$574,854	Core service
Program Administration	To provide third-party administration of program.	\$398,246	\$403,564	Core service
Program Evaluation	To provide independent analysis of program needs including insurance brokerage services, actuary.	\$31,364	\$33,274	Core service
State risk management review	Payment to the State of Washington for mandated annual review of City's medical self-insurance program.	\$3,136	\$3,327	Core service

MEDICAL SELF INSURANCE FUND (cont.)

WHAT DO WE DO?	WHY DO WE DO IT?	HOW MUCH DOES IT COST?		IS IT LEGALLY MANDATED, CORE, OR VALUE ADDED SERVICE?
		2005-2006	2007-2008	
MEDICAL SELF INSURANCE (cont.)				
Employee Assistance Program	Support employees by providing a confidential service where employees can discuss personal and professional life challenges.	\$31,364	\$33,274	Value Added
Administer the City's wellness program (≈ \$18,000 per year).	To provide City employees with incentives and options to practice a healthful lifestyle.	\$37,636	\$39,927	Value added service
Publication of newsletters to employees on health-related matters.	To share with employees healthy lifestyles and workplace habits.	\$29,909	\$22,182	Value added
TOTAL MEDICAL SELF INSURANCE		\$15,529,182	\$17,376,203	

MEDICAL SELF-INSURANCE FUND

REVENUE SUMMARY BY OBJECT

(\$ In Millions)

	2005-2006 Budget	2005-2006 Estimate	Over/ (Under)	2007-2008 Budget	Budget to Budget Difference
Beginning Fund Balance					
IBNR Reserves	646,298	618,981	(27,317)	826,800	180,502
Unrestricted Cash	1,257,593	1,257,593	0	1,282,372	24,779
Beg. Fund. Bal. Subtotal	1,903,891	1,876,574	(27,317)	2,109,172	205,281
Interfund Premiums	12,116,769	10,785,680	(1,331,089)	13,524,013	1,407,244
Cobra Premiums	60,000	295,431	235,431	370,843	310,843
Employee Contributions	1,408,522	1,100,543	(307,979)	1,332,175	(76,347)
Investment Interest	40,000	40,000	0	40,000	0
Total Revenues	15,529,182	14,098,228	(1,430,954)	17,376,203	1,847,021

* May be slightly off due to rounding

EXPENDITURE SUMMARY BY OBJECT

(\$ In Millions)

	2005-2006 Budget	2005-2006 Estimate	Over/ (Under)	2007-2008 Budget	Budget to Budget Difference
Red-Med medical claims	10,768,143	9,640,640	(1,127,503)	12,039,355	1,271,212
Group Health Premiums	1,259,040	1,224,312	(34,728)	1,591,209	332,169
Excess Liability Insurance	458,719	461,110	2,391	574,854	116,135
Professional Services	460,974	446,913	(14,061)	470,112	9,138
Wellness Administration	37,636	37,636	0	39,927	2,291
Communications/Other operati	24,045	24,045	0	25,509	1,464
Health Premium Waivers	9,000	14,400	5,400	14,400	5,400
Interfund Subsidies	140,000	140,000	0	140,000	0
Ending Fund Cash	0	0	0	0	
IBNR Reserve	851,751	0	(851,751)	1,037,200	185,449
Ending Fund Balance	1,519,874	0	(1,519,874)	1,443,637	(76,237)
End Fund Bal. Subtotal	2,371,625	0	(2,371,625)	2,480,837	109,212
Total Expenditures	15,529,182	11,989,056	(3,540,126)	17,376,203	1,847,021